

**INTERNAL
COMMUNICATION FORM**

Suspense

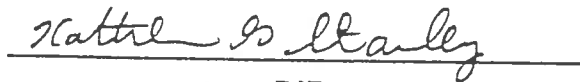
DEPARTMENT OF HUMAN SERVICES

Subject:	DIRECTOR'S MEMORANDUM 98-06	Originator: Eloise Uehara 586-5020	
	PETTY CASH FUND POLICIES AND PROCEDURES		
To: DAs, SOs, BAs, SAs, USs	From: DIR	Date: 06/24/98	Memo No. 1

This Director's Memorandum issues the DHS Petty Cash Fund Policies and Procedures, effective July 1, 1998. These policies and procedures supersede Director's Memorandum 92-07 (issued October 6, 1992) and apply to all petty cash funds administered by DHS divisions, staff offices and administratively attached agencies.

A copy of this memorandum and its attachments should be retained in the Director's Memorandums section of the DHS Policies and Procedures Manual; and the superseded Director's Memorandum 92-07 should be discarded.

If there are any questions concerning these policies and procedures, please contact FMO/PA at 586-5020.



DIR

Attachments

FMO/PA/EU/C:ICFPETTY

c: DIR
AAO

PETTY CASH FUNDS

1.0 PURPOSE

To establish policies governing all statutory authorized petty cash funds utilized by the Department of Human Services, and to prescribe procedures for the establishment, use and maintenance of these petty cash funds.

2.0 REFERENCES AND DEFINITIONS

2.1 REFERENCES

- a. Hawaii Revised Statutes, Chapter 40, Audit and Accounting
- b. Hawaii Revised Statutes, Chapter 103, Expenditures of Public Money and Public Contracts
- c. Hawaii Revised Statutes, Chapter 103D, Hawaii Public Procurement Code
- d. State of Hawaii Accounting Manual, Part 800, Sections 823,824, and 825

2.2 DEFINITIONS

- a. *Petty Cash Fund* - a sum of money set aside for the purpose of paying small obligations for which the issuance of purchase orders, would be excessively costly or time consuming.
- b. *Custodian* - the person designated by the head of an agency (or by the authorized representative of the head of an agency) to have control over and the responsibility for the safekeeping of the petty cash fund, generating replenishment requests, and maintaining the accountability of the petty cash fund.
- c. *Alternate Custodian* - the person designated by the head of an agency, or its authorized representative, as responsible for the safekeeping of the petty cash fund, generating replenishment requests, and maintaining accountability of the fund when the custodian is not available.
- d. *Authorized Signers* - persons designated by the head of an agency, or its authorized representative, as authorized to approve the disbursement or payment. The individual cannot be the custodian or alternate custodian.

3.0 POLICY

It is the policy of the Department that expenditures under \$25.00 should be made through the petty cash fund in accordance with the Hawaii Revised Statutes, established rules and regulations, and sound fiscal management.

4.0 SCOPE

This is applicable to all employees, supervisors, division administrators and staff officers of the Department of Human Services.

5.0 RESPONSIBILITIES

5.1 DIRECTOR/DEPUTY DIRECTOR

- a. Approves or disapproves the establishment of petty cash fund accounts.

5.2 DIVISION AND BRANCH ADMINISTRATORS

- a. Determines the need and amounts for petty cash fund accounts within their units.
- b. Ensures that the supervisors, custodians and alternate custodians are trained in the area of petty cash funds and adhere to the applicable laws, policies, and procedures.
- c. Periodically monitors each petty cash fund account for timely replenishments and utilization; and recommends increases, decreases, or abolishment of the petty cash funds.
- d. Effects appropriate actions in response to recommendations from the Fiscal Management Office (FMO) or Management Services Office (MSO), as a result of internal control findings or unusual fund utilization and replenishment experiences.

5.3 SUPERVISORS

- a. Shall exercise due care to safeguard the petty cash fund.
- b. Shall designate only one custodian and no more than one alternate custodian for the petty cash fund.
- c. Shall review all petty cash requests prior to disbursement to ensure compliance with applicable laws, policies and procedures.

- d. Shall be the authorized signer on the petty cash voucher form for the department head. The custodian or the alternate cannot be the authorized signers.
- e. Shall ensure that the petty cash fund will not be used to advance monies.
- f. Shall ensure that the custodian be the only person allowed to have control over the petty cash fund. In the event that the custodian is absent for a full day or longer, the alternate custodian shall assume control over the fund.
- g. Shall conduct and document periodic, unannounced cash counts, reconciling the total cash on hand, outstanding replenishment requests, and receipts to the allotted fund amount.
- h. Shall conduct and document a cash count whenever the control over the petty cash fund is passed on to another person, i.e., custodian to alternate custodian or new custodian, and alternate custodian back to custodian.

5.4 CUSTODIANS AND ALTERNATE CUSTODIANS

- a. Records all transactions affecting the petty cash fund account balance.
- b. Shall safeguard the petty cash fund from theft and unauthorized use.
- c. Shall prepare all petty cash voucher and register of disbursement forms, obtain proper signatures, and supporting documents.
- d. Shall replenish petty cash fund accounts as often as necessary or at least before the end of each quarter.

5.5 MANAGEMENT SERVICES OFFICE/FINANCIAL EVALUATION (MSO/FE)

- a. Performs surprise audits or investigations of the petty cash fund accounts and reports instances of internal control weaknesses or noncompliance to the Division Administrator and the Director.

5.6 FISCAL MANAGEMENT OFFICE (FMO)

- a. Reviews requests from the divisions to establish petty cash fund accounts and recommends approval/disapproval by the Director.

- b. Maintains data base and files of all petty cash funds.
- c. Provides training through departmental fiscal training sessions and informational memoranda. Provides technical and advisory assistance in relation to the fiscal operation of the petty cash funds.

6.0 PROCEDURES

6.1 ESTABLISHING A PETTY CASH FUND ACCOUNT

- a. Division Administrator will submit an Internal Communication Form (ICF) to FMO to request establishment of a petty cash fund account. The request must include the following information:
 - 1. The name and address of the unit to have the fund;
 - 2. Desired amount of fund;
 - 3. Reason for request (include any supporting data, e.g., the number of p.o.'s and the dollar amounts issued that were under \$25.00 for the past six months);
 - 4. The purposes and uses of the fund;
 - 5. Description of safekeeping procedures; and
 - 6. The names of the custodian, alternate custodian, and authorized signers, along with each person's signature specimen.
- b. FMO reviews the request and sends a memorandum to Department of Accounting & General Services, through the Director's Office, to have a check issued to the custodian. FMO sends the check to the petty cash custodian.
- c. The custodian will cash the check and secure the cash in a locking cash box with access only to the custodian and the alternate. The box must be secured in a safe, locked file cabinet, or locked desk drawer.

6.2 DISBURSEMENTS

- a. All petty cash disbursements requires prior approval from the supervisor.

1. Each disbursement made from the petty cash fund must be supported by a Petty Cash Voucher Form, DHS-0665, signed by the custodian and approved by the head of the department or by an authorized representative (administrator, staff officer, office manager, or supervisor) other than the custodian and payee. An authorized representative should not approve his/her own petty cash voucher.

NOTE: For those offices requesting reimbursements for purchases from the Fiscal Management Office/Accounting-Collections & Recovery Staff Petty Cash Fund, the preparation of a petty cash voucher form is the responsibility of the office submitting the request. The original receipt, invoice or other original documentary evidence of payment must be attached to the petty cash voucher form and must be approved and signed by the individual's respective supervisor.

2. Each petty cash voucher must be supported by the related payment receipt, invoice, or other original documentary evidence of disbursement. When a receipt is not available (e.g., bus fare, parking meter expenses), the individual requesting reimbursement will complete and sign a Petty Cash Disbursement Certification which will serve in place of the receipt. This Petty Cash Disbursement Certification Form is not to be used for lost receipts.
- b. A single disbursement from a petty cash fund shall be under \$25.00. Parceling of expenditures to be under \$25.00 is not allowed.
 - c. Only the custodian or alternate will make disbursements from the fund.
 - d. The following are the basic types of allowable petty cash expenditures:
 1. Administrative expenditures such as office and maintenance supplies, parking fees, postage due, and duplicate keys.
 2. Direct assistance for Social Services, First-to-Work, and Vocational Rehabilitation clients which include incidental and emergency expenditures (e.g., meals, transportation, child care, and educational materials).
 3. Reimbursement to volunteers for meals and transportation costs.

- e. The following are the types of expenditures that should not be made from a petty cash fund:
1. Any expenditure for advance payment.
 2. Any expenditure prescribed to be made via the State's payroll system.
 3. Any expenditure for interest on delinquent payments.
 4. Any expenditure for out-of-state and intra-state travel.
 5. Any expenditure for out-service training.
 6. Any expenditure for contract or other agreement-type payments.
 7. Any expenditure requiring special approvals.
 8. Any expenditure for mileage reimbursement.
 9. Any expenditure for DHRD approved monthly parking reimbursement.
 10. Any expenditure that employees are generally expected to pay from personal funds, or that is not business-related in nature (e.g., meals, refreshments, coffee supplies, leis, flowers, greeting cards, parking citations, towing charges, etc.).

6.3 REPLENISHMENT OF THE FUND

- a. The fund shall be replenished as often as necessary or at least before the end of each quarter. This is to prevent substantial depletion and to assure active utilization of the funds.
1. Complete the Register of Disbursement Form, DHS-0621 and Petty Cash Voucher Form, DHS-0665.
 2. Prepare a purchase order for the amount of the replenishment request.
 3. Submit to FMO/Pre-Audit Staff (FMO/PA) the purchase order, register of disbursement, petty cash voucher forms, and supporting documents for replenishment.

6.4 LOSSES

- a. Each division or office is responsible for any uninsured loss from its petty cash fund. Losses may be replaced by funds from the respective administrative appropriation.
- b. All theft losses shall be immediately reported to the police, and the police report number obtained and recorded on the Statement of Accountability for Cash Overages and Shortages. Losses should be reported to FMO/PA within 10 working days following the loss.
- c. In reporting and requesting replacement of a loss, complete the Statement of Accountability for Cash Overages and Shortages Form, original and two (2) copies, and forward to Division Administrator for approval. Retain a copy for your file.
- d. Forward the approved Statement of Accountability for Cash Overages and Shortages Form, original and one (1) copy to FMO for review. FMO will review and recommend approval/disapproval by the Director.
- e. FMO will return the approved Statement of Accountability for Cash Overages and Shortages to the unit. The unit will prepare a purchase order for the amount of the loss. The purchase order, the original and one (1) copy of the approved Statement of Accountability for Cash Overages and Shortages should be submitted to FMO/PA for processing.

6.5 CASH OVERAGES

- a. Cash overages must be deposited in the State Treasury and are classified by source of receipt code 0712, "Unclaimed Moneys and Cash Overages."
- b. In reporting and depositing cash overages the following should be completed.
 1. Complete the Statement of Accountability for Cash Overages and Shortages Form, original and one (1) copy and forward to the Division Administrator for approval. Retain a copy for your file.
 2. The original approved Statement of Accountability for Cash Overages and Shortages Form and the cash overage should be "hand carried" to FMO/Accounting-Collections & Recovery for deposit.

3. For the neighbor island petty cash accounts the cash overage should be deposited at a state treasury financial institution. Forward one (1) copy of the receipt, two (2) copies of the deposit slip, original and one (1) copy of the Cash/deposit slip transmittal form, and the original approved Statement of Accountability for Cash Overages and Shortages Form to FMO/Accounting-Collections & Recovery Staff.
- c. Cash overages should be deposited as soon as possible or at least before the end of each quarter.

6.6 CASH SHORTAGES

- a. Although cash shortages may temporarily be covered by personal funds of the individual through whom the shortage occurs, the individual is not ultimately chargeable with such shortage, unless it is due to his unlawful, negligent or improper conduct.
- b. When a cash shortage occurs, written evidence of the shortage must be maintained in file, with reconciliation to the total cash from which the shortage occurred.
- c. Cash shortages are replaced from the division or office administrative funds after receiving written approval from the department head.
- d. Cash shortages are classified by object of expenditure code 7210, "Adjustments for Cash Shortages;" they are not to be included with another object of expenditure.
- e. In reporting and requesting replacement of a cash shortage, complete the Statement of Accountability for Cash Overages and Shortages Form, original and two (2) copies, and forward to Division Administrator for approval. Retain a copy for your file.
- f. Forward the Statement of Accountability for Cash Overages and Shortages Form, original and one (1) copy to FMO for review. FMO will recommend approval/disapproval by the Director.
- g. FMO will return the approved Statement of Accountability for Cash Overages and Shortages Form to the unit. The unit will prepare a purchase order for the amount of the shortage. The purchase order, the original and one (1) copy of the approved Statement of Accountability for Cash Overages and Shortages Form should be submitted to FMO/PA for processing.

- h. Cash shortages may be replaced as often as practicable, but at least before the end of each quarter.

6.7 CHANGES TO THE PETTY CASH FUND

- a. Any changes of custodian, alternate custodian or authorized signer must be communicated by sending an ICF, in duplicate, approved by the Division Administrator to FMO. The ICF shall contain sample signatures of the new authorized employees.
- b. Requests to increase the petty cash fund amount must be made by an ICF to FMO with an explanation for the increase and approved by the Division Administrator. FMO will review the request and send a memorandum to DAGS, through the Director's Office, to have a check issued to the custodian. FMO will send the check to the petty cash custodian.
- c. Request to decrease the petty cash fund amount must be made by an ICF to FMO and approved by the Division Administrator. The cash and the ICF should be "hand carried" to FMO/Accounting-Collections & Recovery Staff for deposit. For the neighbor island petty cash accounts the cash overage should be deposited at a state treasury financial institution. Forward one (1) copy of the receipt, two (2) copies of the deposit slip, original and one (1) copy of the Cash/deposit slip transmittal form, and the approved ICF to FMO/Accounting-Collections & Recovery Staff.
- d. Request to abolish the petty cash fund must be made by an ICF to FMO and approved by the Division Administrator. The cash and the ICF should be "hand carried" to FMO/Accounting-Collections & Recovery Staff for deposit. For the neighbor island petty cash accounts the cash overage should be deposited at a state treasury financial institution. Forward one (1) copy of the receipt, two (2) copies of the deposit slip, original and one (1) copy of the Cash/deposit slip transmittal form, and the approved ICF to FMO/Accounting-Collections & Recovery Staff.

INSTRUCTIONS
PETTY CASH VOUCHER FORM
DHS-0665

- | | |
|-------------------------------|---|
| 1. PETTY CASH VOUCHER NUMBER | Enter your internal control number. The voucher number should be entered in sequence. |
| 2. DATE | Enter the date of the transaction. |
| 3. CASH PAID TO | Enter the name of the individual receiving the cash. |
| 4. AMOUNT | Enter the amount of the disbursement. |
| 5. DESCRIPTION OF EXPENDITURE | Enter the item(s) purchased. |
| 6. REASON FOR EXPENDITURE | Enter the reason for the purchase. |
| 7. CASH RECEIVED BY | The signature of the individual who received the cash. |
| 8. DATE | Enter the date the cash was received. |
| 9. F-FUND | Enter the applicable fund, such as:

G-General Fund

S-Special Fund

T-Trust Fund |
| 10. YR-YEAR | Enter the applicable fiscal year such as:

July 1998-June 1999-fiscal year would be "99" |
| 11. APP-APPROPRIATION | Enter the 3 digit appropriation code. |
| 12. D-DEPARTMENT | Enter the department code "K". |
| 13. OBJECT | Enter the 4 digit object code. |

14. CC-COST CENTER	If applicable, enter the 4 digit cost center code.
15. PROJ. NO.-PROJECT NUMBER	If applicable, enter the 6 digit project code.
16. PH-PROJECT PHASE	If applicable, enter the 2 digit phase code.
17. ACT-ACTIVITY CODE	Enter the 3 digit activity code.
18. AMOUNT	Enter the amount of the transaction.
19. SIGNATURE OF CUSTODIAN	Petty cash fund custodian signature required.
20. APPROVAL OF DEPARTMENT HEAD	Authorized person designated by the head of the agency.
21. ATTACH RECEIPT	Attach the original receipt, invoice, or other original documentary evidence of disbursement.

NOTE: When a receipt is not available (e.g., bus fare, parking meter expenses), the individual requesting reimbursement will complete and sign a Disbursement Certification which will serve in place of the receipt. The disbursement form should not be used for lost receipts.

PETTY CASH
VOUCHER NO. (1)

CASH PAID TO: _____ (3) AMOUNT: \$ _____ (4)

REASON FOR EXPENDITURE: _____ (6)

[illegible]

DHS 0665
JUNE 1998 (REVISED)

PETTY CASH
VOUCHER NO. _____

DATE: _____

CASH PAID TO: _____ AMOUNT: \$ _____

DESCRIPTION OF EXPENDITURE: _____

REASON FOR EXPENDITURE: _____

CASH RECEIVED BY: _____ (SIGNATURE) _____ (DATE)

F	YR	APP	D	OBJECT	CC	PROJ. NO.	PH	ACT	AMOUNT	SIGNATURE OF CUSTODIAN

ATTACH RECEIPT:

INSTRUCTIONS
REGISTER OF DISBURSEMENT FORM
DHS-0621

- | | |
|----------------------------------|---|
| 1. PETTY CASH VOUCHER NUMBER | Enter each petty cash voucher number from the petty cash voucher form. |
| 2. DATE | Enter each transaction date from the petty cash voucher form. |
| 3. CASH PAID TO | Enter the payee's name. |
| 4. AMOUNT | Enter the amount of the disbursement. |
| 5. TOTAL AMOUNT OF THIS REQUEST | Enter the total amount of all petty cash vouchers. |
| 6. TOTAL CASH ON HAND | Enter the total cash on hand. |
| 7. PREVIOUS REQUESTS OUTSTANDING | If applicable, enter the amount outstanding. |
| 8. TOTAL PETTY CASH FUND | Add numbers 5, 6, 7, and enter the total. This amount should be the total allotted for the petty cash fund. |
| 9. PREPARED BY | Signature of Custodian or alternate custodian. |
| 10. DATE | Enter the date the form was prepared. |
| 11. APPROVED BY | Signature of supervisor. |
| 12. DATE | Enter the approval date. |

**DEPARTMENT OF HUMAN SERVICES
PETTY CASH FUND
REGISTER OF DISBURSEMENT**

PETTY CASH VOUCHER NUMBER	DATE	CASH PAID TO	AMOUNT
(1)	(2)	(3)	(4)

TOTAL AMOUNT OF THIS REQUEST

\$

(5)

TOTAL CASH ON HAND

\$

(6)

PREVIOUS REQUESTS OUTSTANDING

\$

(7)

TOTAL PETTY CASH FUND

\$

(8)

PREPARED BY:

(9)

CUSTODIAN OR ALTERNATE CUSTODIAN'S SIGNATURE

(10)

DATE

APPROVED BY:

(11)

SUPERVISOR'S SIGNATURE

(12)

DATE

**DEPARTMENT OF HUMAN SERVICES
PETTY CASH FUND
REGISTER OF DISBURSEMENT**

PETTY CASH VOUCHER NUMBER	DATE	CASH PAID TO	AMOUNT

TOTAL AMOUNT OF THIS REQUEST \$ 0.00

TOTAL CASH ON HAND \$ _____

PREVIOUS REQUESTS OUTSTANDING \$ _____

TOTAL PETTY CASH FUND \$ _____

PREPARED BY: _____
CUSTODIAN OR ALTERNATE CUSTODIAN'S SIGNATURE DATE

APPROVED BY: _____
SUPERVISOR'S SIGNATURE DATE

INSTRUCTIONS
STATEMENT OF ACCOUNTABILITY FOR CASH OVERAGES AND
SHORTAGES FORM
DHS-0676

- | | |
|---|--|
| 1. DIVISION | Enter the Division. |
| 2. STATEMENT NO. | Optional-may be used by Division
Section, or Unit. |
| 3. SECTION/UNIT | Enter the section and unit. |
| 4. DATE OF DISCREPANCY | Enter the date of the discrepancy. |
| 5. TOTAL PETTY CASH SHOULD BE | Enter the total petty cash fund allotted
amount. |
| 6. ACTUAL AMOUNT IN ACCOUNT | |
| CASH: | Enter the amount of the cash. |
| CHECKS: | Enter the amount of the replenishment
check(s) that were not cashed. |
| OTHERS: | Enter the amount of the petty cash
vouchers that were not submitted to
FMO/PA for replenishment and/or
P.O.'s in-transit. |
| 7. TOTAL OF CASH, CHECKS, &
OTHERS | Enter the total amount (add the cash,
checks, and others). |
| 8. DIFFERENCE-CASH (OVERAGE) | Enter the overage amount. |
| 9. DIFFERENCE-CASH (SHORTAGE) | Enter the shortage amount. |
| 10. TOTAL PETTY CASH FUND | Enter the total petty cash fund (add
number 7 to 8 or 9. This amount should
be the same as number 5). |
| 11. DATE THE OVERAGE/SHORTAGE
OCCURRED | Self-explanatory |
| 12. DESCRIBE THE
CIRCUMSTANCES | Self-explanatory |

13.DIVISION ADMINISTRATOR

Signature of Division Administrator

14.PETTY CASH CUSTODIAN

Signature of petty cash custodian

15.DEPARTMENT HEAD

Signature of Director for shortages
Signature of FMO for overages

16.DATE

Self-explanatory

**DEPARTMENT OF HUMAN SERVICES
PETTY CASH FUND
STATEMENT OF ACCOUNTABILITY FOR CASH OVERAGES AND SHORTAGES**

 (1)
 Division

Statement No. _____ (2)

[illegible]

I. CASH OVERAGE OR SHORTAGE

Total petty cash should be \$ (5)

Actual amount in account:	(6)	Cash	_____	
		Checks	_____	
		Others	_____	(7)

DIFFERENCE - CASH	(Overage	(8)
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(Shortage) (9)

TOTAL PETTY CASH FUND \$ (10)

II. DATE THE OVERAGE/SHORTAGE OCCURRED: _____ (11)

Describe the circumstances of the overage/shortage and the action taken to prevent future occurrences:

(12)

RECOMMENDED FOR DEPOSIT OR REIMBURSEMENT:

CERTIFIED CORRECT:

By: _____ (13)
Division Administrator

(14)

Petty Cash Custodian

APPROVED FOR REIMBURSEMENT TO CASHIER OR COLLECTOR:

(15)
Department Head

(16)
Date _____

**DEPARTMENT OF HUMAN SERVICES
PETTY CASH FUND
STATEMENT OF ACCOUNTABILITY FOR CASH OVERAGES AND SHORTAGES**

Division		Statement No. _____
Section/Unit		Date of Discrepancy
I. CASH OVERAGE OR SHORTAGE		
Total petty cash should be		\$ _____
Actual cash in account:	Cash	
	Checks	
	Others	
DIFFERENCE - CASH		
	(Overage	
	(Shortage	
TOTAL PETTY CASH FUND		\$ _____

II. DATE THE OVERAGE/SHORTAGE OCCURRED:

Describe the circumstances of the overage/shortage and the action taken to prevent future occurrences:

RECOMMENDED FOR DEPOSIT OR REIMBURSEMENT:

CERTIFIED CORRECT:

By: _____

Division Administrator

Petty Cash Custodian

APPROVED FOR REIMBURSEMENT TO CASHIER OR COLLECTOR:

Department Head

Date

DEPARTMENT OF HUMAN SERVICES
PETTY CASH FUND
PETTY CASH DISBURSEMENT CERTIFICATION FORM

I, _____ CERTIFY THAT \$ _____ WAS SPENT

FROM MY PERSONAL FUNDS FOR:

_____ BUS FARE _____ PARKING METER _____ OTHER _____

SIGNATURE DATE

SUBMIT ORIGINAL AND 1 COPY TO FMO/PA

DEPARTMENT OF HUMAN SERVICES
PETTY CASH FUND
PETTY CASH DISBURSEMENT CERTIFICATION FORM

I, _____ CERTIFY THAT \$ _____ WAS SPENT

FROM MY PERSONAL FUNDS FOR:

_____ BUS FARE _____ PARKING METER _____ OTHER _____

SIGNATURE DATE

SUBMIT ORIGINAL AND 1 COPY TO FMO/PA